

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2276

2005 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2276

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2276

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date January 26, 2005

Tape Number	Side A	Side B	Meter #
2	X		-1,200-3308
Committee Clerk Signature <i>Jerry Mutch</i>			

Minutes: **Chairman Mutch** opened the hearing on SB 2276. All Senators were present with the exception of Senator Heitkamp.

Senator Duaine Espegaard introduced the bill. The bill relates to the purchase of qualified small issue bonds by the municipal bond bank and issuance of municipal industrial development revenue bonds by the municipal bond bank. See written testimony.

Tim Porter, Executive Director of the ND Municipal Bond Bank appeared in support of the bill. See written testimony.

Senator Espegaard- So this will allow political subdivisions that may work on water treatment plants to benefit from the low rates as well?

Tim- Correct.

Senator Espegaard- It would still be guaranteed by the revenues of the political subdivision, but would also have the Bank of ND endorsement as well?

Tim- If they came through the municipal bond bank to do the financing, the municipality would be left out. If we purchased the bonds from the municipality it would fall under the moral obligation of the state. It would not be a general or a legal obligation.

Senator Krebsbach- Currently with Political Subdivisions you have authority, to the best of my understanding, but we are seeking to extend that beyond the manufacturing aspect?

Tim- Correct.

Senator Krebsbach- In your testimony, it says the municipal bond bank would not be under any obligation to repay the debt, is that speaking for the manufacturing bonds?

Tim- That is when we act as a conduit issuer, since they cannot get that at the local level. The state would not be under obligation for a stand alone credit.

Senator Krebsbach- That would not have an effect on your bond rating at the municipal bond bank.

Tim- Correct.

Senator Mutch- If there were defaults it would effect the bond rating of this type of lending?

Tim- In a situation where the moral obligation is attached to the bonds, we would have to come to the legislature to replenish reserves that were used to pay for that default.

Senator Espegaard- The situation outside of municipality where a factory comes in and needs a million dollars to build it, which would be paid back by the factory. You would do normal due diligence with a good business plan. If the factory went out of business, it would likely be secured as well?

Tim- The bond would be secured by the assets that you use to add security for that bond.

Senator Espgaard- In the event that the asset would not be enough to pay the bond, then the state by having a moral obligation would have to pay. Are each of these bonds limited to 2 million dollars?

Tim- 2 million dollars, with a program limit of 20 million dollars.

Senator Mutch- Are there any private lenders interested in this type of business?

Tim- The banks would not be able to this type of debt, they would need a political subdivision to do so.

Senator Espgaard- When you secure a bond, would it be first mortgage?

Tim- Correct. It would also depend on the other entities involved.

Senator Espgaard- So, you would share the collateral of first mortgage with only 20% of it.

Tim- Yes.

Senator Mutch- Can the state take an equity position on anything?

Tim- We would not be taking an equity position.

Senator Espgaard- This is a funding mechanism, not an investment. It allows them to get a tax free rate on their funding.

Tim- It is a tool for banks and local economic development organizations to access tax exempt fundraising, if they have a project that qualifies. It is very specific to manufacturing entities to way the law is written.

Senator Krebsbach- To what extent do we have a closure with political subdivisions on the total dollars through the bond bank?

Tim- we have 2 different programs that we use- the state revolving fund and the capital financing program. Under the capital financing program we have excess of \$25 million of outstanding

loans that originated in \$80 million excess of debt. We have never had a default under either of those programs. We haven't had to come to the legislature to ask for funding to replace any of our reserves.

Senator Krebsbach- Do we have any loans to political subdivisions under the state revolving fund?

Tim- Yes. We loan money to them at the market rate. The state provides a 25% match on those programs. (He presented proposed amendments to the bill, see attached)

Senator Espegaard- Your only purpose is to facilitate the transactions and gather a fee?

Tim- Yes. We do envision this program utilizing the services of the Bank of ND. Their staff would look at manufacturing projects, we would use their credit committee to assess whether these are viable credits.

Action taken: Senator Klein moved the amendments DO Pass for SB 2276, seconded by Senator Nething.

The amendments passed with 6 members voting in favor, and one member absent.

Senator Klein moved that SB 2276 pass as amended. Seconded by Senator Espegaard.

The bill passed with 4 members in favor, 2 members opposed, and one member absent.

Senator Espegaard is the carrier of the bill.

FISCAL NOTE
Requested by Legislative Council
02/07/2005

Amendment to: SB 2276

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$50,000		\$50,000
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The fiscal impact caused by Senate Bill 2276 is the result of the issuance fee (.5% of the dollar amount of the issue) that the Bond Bank charges for these types of transactions. This fee is charged to each issuer and is capped at \$7,000 per issuer per transaction. The issuers of these types of bonds are qualifying organizations other than political subdivisions, so this bill will have no fiscal impact on counties, cities, or school districts.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

For the next two bienniums, we project that the Bond Bank will receive additional revenues of \$50,000 per biennium, which would be the result of .5% on \$10,000,000 of issuance.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The costs of issuance for these transactions would be paid by the borrower, which are qualifying organizations other than political subdivisions. Generally, these costs of issuance are included in the amount of the bond issue.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

No change to current or future appropriation levels anticipated.

Name:	Tim Porter	Agency:	ND Municipal Bond Bank
Phone Number:	701-328-7120	Date Prepared:	02/08/2005

FISCAL NOTE
Requested by Legislative Council
01/18/2005

Bill/Resolution No.: SB 2276

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$50,000		\$50,000
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The fiscal impact caused by Senate Bill 2276 is the result of the issuance fee (.5% of the dollar amount of the issue) that the Bond Bank charges for these types of transactions. This fee is charged to each issuer and is capped at \$7,000 per issuer per transaction. The issuers of these types of bonds are qualifying organizations other than political subdivisions, so this bill will have no fiscal impact on counties, cities, or school districts.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

For the next two bienniums, we project that the Bond Bank will receive additional revenues of \$50,000 per biennium, which would be the result of .5% on \$10,000,000 of issuance.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The costs of issuance for these transactions would be paid by the borrower, which are qualifying organizations other than political subdivisions. Generally, these costs of issuance are included in the amount of the bond issue.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

No change to current or future appropriation levels anticipated.

Name:	Tim Porter	Agency:	ND Municipal Bond Bank
Phone Number:	701-328-7120	Date Prepared:	01/19/2005

Submitted By Tim Porter

PROPOSED AMENDMENTS TO SENATE BILL NO. 2276

Page 1, line 21, after "marketable" insert "municipal"

Page 2, line 15, overstrike "nonpoint source pollution control" and insert immediately thereafter "solid waste disposal"

Page 2, line 19, overstrike "and" and insert immediately thereafter "or"

Page 2, line 21, after "purchase" insert "or holding"

Page 2, line 24, overstrike "and" and insert immediately thereafter "or"

Page 2, line 26, overstrike "and" and insert immediately thereafter "or"

Page 6, line 22, remove "which are exempt from taxation under"

Page 6, line 23, remove "the Internal Revenue Code"

Page 6, line 25, after "applicable" insert "or practicable but it need not comply with the notice and hearing provisions contained in sections 40-57-04 and 40-57-04.1 or the provisions of section 40-57-10"

Renumber accordingly

Date: 1-26-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2276

Senate Industry, Business and Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Adopt Amendments

Motion Made By Klein Seconded By Nothing

Senators	Yes	No	Senators	Yes	No
Senator Mutch, Chairman	X		Senator Fairfield	X	
Senator Klein, Vice Chairman	X		Senator Heitkamp	A	
Senator Krebsbach	X				
Senator Nething	X				
Senator Espegard	X				

Total (Yes) 6 - No 0

Absent 1

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 1-26-05
Roll Call Vote #: 2

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2276

Senate Industry, Business and Labor

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Do Pass As Amend

Action Taken

Motion Made By

Klein

Seconded By

Espigard

Senators	Yes	No	Senators	Yes	No
Senator Mutch, Chairman		X	Senator Fairfield		X
Senator Klein, Vice Chairman	X		Senator Heitkamp	A	
Senator Krebsbach	X				
Senator Nething	X				
Senator Espigard	X				

Total

(Yes)

4

No

2

Absent

1

Floor Assignment

Espigard

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2276: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (4 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). SB 2276 was placed on the Sixth order on the calendar.

Page 1, line 21, after "marketable" insert "municipal"

Page 2, line 15, overstrike "nonpoint source pollution control" and insert immediately thereafter "solid waste disposal"

Page 2, line 19, overstrike "and" and insert immediately thereafter "or"

Page 2, line 21, after "purchase" insert "or holding"

Page 2, line 24, overstrike "and" and insert immediately thereafter "or"

Page 2, line 26, overstrike "and" and insert immediately thereafter "or"

Page 6, line 22, remove "which are exempt from taxation under"

Page 6, line 23, remove "the Internal Revenue Code"

Page 6, line 25, after "applicable" insert "or practicable but it need not comply with the notice and hearing provisions contained in sections 40-57-04 and 40-57-04.1 or the provisions of section 40-57-10"

Renumber accordingly

2005 HOUSE APPROPRIATIONS

SB 2276

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2276
Small Issue Bonds

House Appropriations Full Committee

☐ Conference Committee

Hearing Date February 25, 2005

Tape Number	Side A	Side B	Meter #
1	X		#38.5 - # end
1		X	#0- #17
Committee Clerk Signature <i>Chris Alexander</i>			

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on SB2276.

Mr. Tim Porter distributed and reviewed his written testimony (handout #35-2, attached)

Sen. Espegaard distributed his written testimony and spoke on behalf of this bill (hand out #35-3, attached).

Mr. Porter continued his review from his written testimony

Rep. Ron Carlisle asked about South Dakota's experience with this

Mr. Porter answered that South Dakota has been in this for over 15 years and have issued over \$40 million in these types of bond with only one default to date.

Rep. Francis J. Wald asked if only projects under \$20 million were eligible

Mr. Porter answered that projects that are more than \$20 million would qualify but only up to \$2 million per borrower because we are looking for a diversified pool so we wouldn't give \$20

million on one project. They would have to be a bankable loan and \$20 million is the ceiling put on the entire program.

Rep. Ole Aarsvold asked in the event of a default who would be in first position

Mr. Porter answered that they would share first position with the banks

Rep. Alon C. Wieland asked if these bonds were primarily for operating businesses. (meter Tape #1, side A, #49)

Mr. Porter answered that bond councils make the determination about what sorts of businesses qualify for these bonds at the time of application. These are Mita Bonds so if businesses qualify for these then they would be approved.

Rep. Bob Skarphol asked if there was an ethanol plant which 3 entities wanted to invest in, would they all be eligible.

Mr. Porter answered that this is done on a project basis so it would be the underlying company who would be eligible, not the individuals. Even if these individuals were companies in and of themselves, because this is project based, they would only be eligible for \$2 million for the project, not \$6 million because each company got \$2 million.

Rep. Ken Svedjan, Chairman clarified that the eligibility relied on the company they were forming, not on the investors themselves.

Rep. Jeff Delzer asked where in the project would they be eligible: venture capital, R and D, Bricks and mortar?

Mr. Porter answered that collateral is the first mortgage position so it is bricks and mortar, and equipment.

Rep. Jeff Delzer asked if it could be for start ups for companies.

Mr. Porter answered that it is for anyone who can show bankable credit which means that it has to make sense on paper and go through the due diligence that a normal credit would have to go through to receive financing.

Rep. Jeff Delzer asked why these bonds would sell when other municipal bonds that were tax exempt did not.

Mr. Porter answered that these bonds would sell quickly because they have an A- credit rating.

Rep. Jeff Delzer asked how the state wasn't responsible for these loans if they are moral obligation bonds.

Mr. Porter answered that it is a requirement to have 2 years of debt service reserve funds because our legislature meets biennially. If we have to tap that reserve then we would have to replenish it somehow, meaning there is a possibility that we might have to come to the legislature to replenish this if we haven't sold the asset. (meter Tape #1, side B, #1.2)

Rep. Jeff Delzer asked if there was a statutory limit on moral obligation bonds

Ms Karlene Fine from the Industrial Commission explained that Mr. Porter is in charge of all the moral obligation loans we have for North Dakota

Mr. Porter answered that there were no statutory limits on moral obligation bonds.

Rep. Mike Timm, Vice Chairman asked what kinds of bonds do you normally issue.

Mr. Porter answered that most political subdivisions go through the capital financing program and the state revolving fund. These bonds are new because we are expanding to work with private entities as well. These types of bonds would not jeopardize our normal bonding because we would have the backing of the moral obligation of the state.

Rep. Al Carlson asked if this could be used for new and expanding businesses, and is it limited to manufacturing

Mr. Porter answered any company in manufacturing, new or expanding. They need to be small manufacturers, so they would have to be under the capital spending requirements that qualify them for tax exempt status.

Rep. Al Carlson asked how the bankable credit process works

Mr. Porter answered that it is an application process showing three years of financial statements and then the decision is made by the Bond Bank and the Bank of North Dakota. The Final decision is made by the Bond Bank and the Industrial Commission.

Rep. Francis J. Wald asked how large South Dakota's bond portfolio is on this type of bond

Mr. Porter answered \$25 million area with capacity to go to \$45 million

Rep. Francis J. Wald asked what the current bond rate is

Mr. Porter answered approximately 5% on 20 years borrowing

Rep. Jeff Delzer asked what would happen if you were a start up business who didn't have three years of financial statements (meter Tape #1, side B, #5.6)

Mr. Porter answered that they would look at their business plan and then send it to the Industrial Commission for a decision

Rep. Bob Skarphol commented that there were two scenarios here: one where there is a moral obligation for the state and the other where you are acting as a conduit. Then asked if the interest rate was the same even when they were acting as the conduit.

Mr. Porter answered the interest rate for the company with whom we are acting as a conduit for may go up because their credit rating is less than the Bond Bank's. It would be set out in the

“OS” that the risk on these bonds would be solely that of the company and not the state’s obligation.

Rep. Mike Timm, Vice Chairman asked if there were companies already out there wishing to utilize this process

Mr. Porter answered that there have been no specific inquiries as of yet but there have been general inquiries in the past

Rep. Al Carlson asked what the benefits were to this type of program when you could do this regularly through a bank with low interest loans.

Mr. Porter answered that what drives this is the ability to look at this as a gap financing tool. Most companies would look at 1% interest rate savings as enough of an incentive to do this.

Rep. Al Carlson commented that this looks like venture capital with a new face for companies who can’t get financing anywhere else. They can come to this program and have the good faith of North Dakota behind them.

Mr. Porter answered that this is not venture capital because it has to be a bankable credit. We trying to provide a long term fixed rate option.

Rep. Ron Carlisle moved a Do Pass motion on SB2276.

Rep. Earl Rennerfeldt seconded

Rep. Francis J. Wald commented that South Dakota has been doing this for 15 years and if they still only have \$20 million showing there it would seem there is not much of a demand for this.

Rep. Ken Svedjan, Chairman clarified that the balance on the books is \$20 million, but throughout the program they have borrowed more than this.

Rep. Bob Skarphol asked how it was possible that South Dakota has a balance of only \$20 million since bonds are typically long term loans.

Mr. Porter answered that many of these bonds have a 10 year call provision. If companies are doing well they could prepay their balances after ten years.

Rep. Bob Skarphol asked if this meant that their success rate has been really high (meter Tape #1, side B, #13.0)

Mr. Porter answered that this was correct.

Rep. Ken Svedjan, Chairman commented that the South Dakota program is similar to what is being proposed here regarding small manufacturers, either new business or expansion.

Mr. Porter commented that South Dakota has conduit work too. Our program cannot go over \$20 million.

Rep. Bob Skarphol asked if there were other provisions in the South Dakota program that contributed to their success

Mr. Porter answered not that he was aware of

Rep. Earl Rennerfeldt commented that interest rates are increasing and this is a good way to lock in lower rates over a long term period. Loans this small are often more of a risk, but overall this sounds like a good program.

Rep. Francis J. Wald asked if an oil field contractor who wants to buy more equipment qualify for this

Mr. Porter answered that the determination would be made by the bond councils during the application process. Unsure if that person would qualify since the language in the code is specific to small manufacturers

Page 7

House Appropriations Committee

Bill/Resolution Number SB2776

Hearing Date February 25, 2005

Rep. Ole Aarsvold asked if service type businesses would qualify

Mr. Porter answered no

Rep. Jeff Delzer asked about the liability to the state under moral obligation if the company does something illegal

Mr. Porter answered that he did not believe that the state took on any liability, but that this question should be asked of the Attorney General.

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass motion on SB2276.

Motion carried with a vote of 19 yeas, 2 neas, and 2 absences. Rep Carlisle will carry the bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on SB2276.

Date: February 25, 2005
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2276

House Appropriations - Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Rep Carlisle Seconded By Rep Rennerfeldt

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol	X	
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson	X	
Rep. Bob Martinson	X		Rep. Eliot Glassheim	X	
Rep. Tom Brusegaard	AB		Rep. Jeff Delzer		X
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert	X	
Rep. Francis J. Wald	X		Rep. Larry Bellew	X	
Rep. Ole Aarsvold	X		Rep. Alon C. Wieland	X	
Rep. Pam Gulleeson	X		Rep. James Kerzman	AB	
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich	X				
Rep. Blair Thoreson	X				
Rep. Joe Kroeber	X				
Rep. Clark Williams	X				
Rep. Al Carlson		X			

Total Yes 19 No 2

Absent 2

Floor Assignment Rep Carlisle

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 25, 2005 1:10 p.m.

Module No: HR-35-3705
Carrier: Carlisle
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2276, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman)
recommends DO PASS (19 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING).
Engrossed SB 2276 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

SB 2276

**Senate Industry, Business and Labor Committee
Testimony of Tim Porter
North Dakota Municipal Bond Bank
Senate Bill 2276**

*Same given to
House
appropriations*

For the record, my name is Tim Porter and I am the Executive Director of the North Dakota Municipal Bond Bank. I am providing this testimony in support of Senate Bill 2276 which allows the Municipal Bond Bank, within self-imposed program limits, to purchase qualified small issue bonds and to issue industrial development revenue bonds covered under Chapter 40-57 (Municipal Industrial Development Act) of the Century Code.

The Municipal Bond Bank is a state agency that operates under the supervision and authority of the Industrial Commission. It is a self-supporting state agency and receives no money from the General Fund. Under current law, the Bond Bank is prohibited from purchasing most kinds of industrial revenue bonds or bonds covered under Chapter 40-57 of the Century Code.

This bill, if passed, would provide another financing tool for qualifying economic development projects. It would allow banks and other entities to utilize the Municipal Bond Bank in developing a financing package that attracts businesses to North Dakota or provides expansion funding for companies already residing within North Dakota. Many states, including our neighbors on each border, have programs that assist qualifying projects to obtain tax-exempt financing.

The success of the strategy to establish a separate program for industrial revenue bonds depends on the willingness of the legislature to provide the State's moral obligation for a program that will enhance economic development within the State. Preliminary indications are that this program would be rated similar to the Municipal Bond Bank's Capital Financing Program, which is rated A- by Standard and Poors, Inc. Without this rating, industrial revenue bonds can be very expensive to issue and difficult to market. In order to limit the State's exposure and create a diversified group of borrowers, the legislation includes limits of \$2,000,000 per borrower and \$20,000,000 for the entire program when the State's moral obligation is used as a credit enhancement.

This bill also allows the Municipal Bond Bank to act as a conduit issuer, without limits, for qualifying entities that have the financial strength to issue their own tax-exempt debt, but need a public entity to act as the issuer. Under these circumstances, repayment of the debt is the sole responsibility of the borrower, so the State and the Municipal Bond Bank would not be under any obligation to repay the debt.

An opportunity exists in North Dakota to develop a program to help qualifying projects take advantage of existing federal tax laws to obtain tax-exempt financing. This bill allows the Municipal Bond Bank to provide another financing tool for banks and other organizations to utilize to accomodate new and existing North Dakota economic development projects.

SB 2276

INDUSTRY, BUSINESS AND LABOR
SEN. DUANE MUTCH CHAIRMAN

*Same given
to House
Appropriations*

Good morning Chairman Mutch and members of the committee, for the record my name is Duaine Espegard and I represent district 43 in Grand Forks.

I appear before you in support of SB 2276. SB 2276 would allow the Municipal Bond Bank to purchase qualified industrial revenue bonds from political subdivisions or enter into a revenue agreement with borrowers who qualify for tax-exempt financing as a manufacturing facility. It allows the Municipal Bond Bank to issue industrial development revenue bonds. By utilizing the A- rating from the Municipal Bond Bank, this bill provides access to very attractive rates for these projects. Many of these projects fall into the economic development arena, and benefit existing ND businesses as well as qualifying businesses that are considering locating in North Dakota.

The bill comes to this committee through the Bank of North Dakota with the approval of the Industrial commission.

I would be happy to take question but there are folks from the Bank of North Dakota and the Bond Bank that will provide more information on this bill

Duaine